

**APPROVED**  
by the decision of the annual  
General meeting of shareholders  
of Joint Stock Company SYSTEMA HALS  
Minutes No 22 as of June 28, 2011

**OPEN JOINT STOCK COMPANY HALS-DEVELOPMENT  
REGULATIONS ON THE AUDIT COMMISSION**

**Moscow, 2011**

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## **1. General Provisions**

1.1. The present Regulations determine the legal status, the procedure of forming and work of the Audit commission of Open Joint Stock Company HALS-Development (hereinafter the Company) as well as the powers of its members.

1.2. To carry out control over financial and business activity of the Company the General meeting of shareholders shall elect the Company's Audit commission composed of three persons. The members of the Audit commission shall be elected by the General meeting of shareholders for the period until the next annual General meeting of shareholders.

1.3. By the decision of the General meeting of shareholders members of the Company's Audit commission in the term of their duties may be paid remuneration and/or compensation for the expenses connected to the execution of their duties. The amount of such remuneration and compensations shall be stated by the decision of the General meeting of shareholders.

1.4. In its activity the Audit commission shall be governed by the Legislation of the Russian Federation, the Company's Charter, decisions of the General meeting of shareholders and the Board of directors, the present Regulations and other internal documents of the Company.

1.5. The number of nominated candidates from a shareholder (shareholders) entitled to it shall not exceed the size of the Audit commission.

1.6. The members of the Company's Audit commission are not entitled to be the members of the Company's Board of directors simultaneously, or to hold other offices in the managerial bodies of the Company.

1.7. Shares belonging to the members of the Company's Board of directors or persons holding offices in the managerial bodies of the Company are not entitled to participate in voting while electing members of the Audit commission.

## **2. Rights and Obligations of the Audit Commission**

2.1. The Audit commission has the right:

2.1.1. To determine at its discretion the methods and forms of an audit governed by legislation in force of the Russian Federation.

2.1.2. To audit the Company's full documentation on financial and business activity, money funds, securities, receive explanations on arising questions and additional data necessary for an audit.

At the request of the Company's Audit commission the persons holding offices in the managerial bodies of the Company are obliged to submit documents on financial and business activity of the Company.

2.1.3. To receive according to a written request necessary information about third parties, including the assistance of the bodies assigning the audit.

2.1.4. To participate in the meetings of the Board of directors according to its request.

2.1.5. To call for an Extraordinary General meeting of shareholders in accordance with Article 55 of the Federal Law "On Joint Stock Companies".

2.2. The Audit commission is obliged:

2.2.1. To abide by the legislation in force of the Russian Federation while auditing.

2.2.2. To audit the Company's business in a professional manner.

2.2.3. To notify the body assigning an audit of the necessity to engage additional experts due to a large volume of work or any other circumstances.

2.2.4. To secure the documents obtained and filed in the course of an audit and not to disclose their content without consent of the President with the exception of the cases provided for by the legislation in force of the Russian Federation and the Company's Charter.

2.2.5. To provide confidentiality of information obtained during an audit of financial and business activity of the Company which is the Company's commercial secret .

2.3. The members of the Audit commission shall be governed in their activity solely by the interests of the Company and the Company's shareholders (including the use of information about the Company's activity, the Company's securities and transactions with them which is not publicly known and the disclosure of which may substantially affect the market value of the Company's securities, and other information which constitutes official and business secret only in the interests of the Company and in accordance with the internal documents of the Company).

### **3. Composition of the Audit Commission**

3.1. The Audit commission is elected by the General meeting of shareholders.

3.2. The members of the Audit commission may not be at the same time the members of the Board of directors or hold offices in the managerial bodies of the Company.

3.3. The same person may be elected as a member of the Audit commission an indefinite number of times.

3.4. The General meeting of shareholders is entitled to cease early the powers of individual members of the Audit commission including the cases when such persons commit unfair acts or inflict losses upon the Company which consists in:

- eliminating, damaging or falsifying documents and materials;
- hiding information about discovered abuses by officials or the Company's employees;
- conscious misleading of officials, the Company's employees or shareholders on issues concerning the Company's activity;
- disclosure of confidential information about the Company's activity;
- other acts inflicting damage on the Company.

### **4. Chairman and Secretary of the Audit Commission**

4.1. The Chairman and the Secretary of the Audit commission are elected at the first session of the Audit commission from its members by a majority of votes of the members of the Audit commission.

4.2. The Chairman of the Audit Commission manages the activity of the Audit commission, prepares plans of its work, calls and holds its meetings, presides over such meetings, distributes duties among the members of the Audit commission, signs the minutes, conclusions and other documents of the Audit commission, solves other problems stipulated by the present Regulations.

4.3. The Audit commission may free the Chairman of the Audit commission from execution of the duties and elect a new one by a resolution passed by a majority of votes of the members of the Audit commission.

4.4. The Secretary of the Audit commission organizes the activity of the Audit commission and prepares its meetings, including arrangement of records and minutes keeping, as well as other materials of the Audit commission, notification of the members of the Audit commission and invited persons about the meetings, submission of materials to the members of the Audit commission at its meetings, taking the minutes of the meetings and preparing extracts from them and carries out other functions stipulated by the present Regulations and resolutions of the Audit commission.

### **5. Proceedings at the Meetings of the Audit Commission and Decision Making**

5.1. The meetings of the Audit commission are convened by the Chairman of the Audit commission as and when necessary.

5.2. The agenda of a meeting of the Audit commission shall be approved by the Chairman of the Audit commission..

5.3. Resolutions at the meetings of the Audit commission shall be passed by a majority of votes of the members of the Audit commission.

In case of a tie vote the Chairman of the Audit commission shall have a casting vote.

5.4. Each member of the Audit commission has one vote. A member of the Audit commission is not entitled to assign vote to other persons including other members of the Audit commission.

5.5. The members of the Audit commission shall personally participate in the meetings.

The meetings of the Audit commission are attended by the members of the Audit commission as well as invited persons.

5.6. A quorum for convening a meeting of the Audit commission shall be two thirds of the number of elected members of the Audit commission.

5.7. Resolutions of the Audit commission shall be recorded in minutes which are signed by the Chairman of the Audit commission.

The members of the Audit commission are entitled to express their separate special opinion in written form which is attached to the minutes of the meeting of the Audit commission.

5.8. The minutes of a meeting of the Audit commission shall be recorded not later than 10 days after the meeting was held. The following is indicated in the minutes:

date, time and place of the meeting and the minutes number;

list of persons attending the meeting;

agenda of the meeting;

the main points of the speeches of persons attending the meeting;

the results of voting;

resolutions passed by the Audit commission;

other necessary information.

5.9. The materials (including conclusions, audit acts and other documents) which serve as a basis for corresponding resolutions of the Audit commission shall be attached to the minutes of a meeting of the Audit commission.

5.10 The minutes of a meeting of the Audit commission shall be sent to interested persons within 5 days from the day of signing.

## **6. The Procedure of an Audit (inspection)**

6.1 The Audit commission shall carry out the following in accordance with the statutory requirements and procedure of maintenance of financial and accounting records and book keeping:

- annual audits – according to the results of the Company’s activity of the year;

- exceptional audits – at any time at its own discretion, according to the resolution of the Company’s Board of directors or a demand from a shareholder (shareholders) who owns a total of no less than 10 per cent of the Company’s voting shares.

6.2 Audits of the Company’s activity carried out by the Audit commission shall not disturb the Company’s work.

6.3 The financial and business activity of the Company is subject to audit by the Audit commission in the following spheres:

6.3.1. compliance with the legislature of the Russian Federation, the Company’s Charter, resolutions of the General meeting of shareholders and the Company’s Board of directors in issues of its financial and business activity as well as the execution of directives reflected in the acts on the results of previous audits;

6.3.2. accuracy and timeliness of the data contained in the annual report of the Company, in annual accounting reports;

6.3.3. execution of internal documents of the Company on issues of its financial and business activity;

6.3.4. accuracy of the amount of the Company's authorized capital set out in the financial and accounting report, the legality and expediency of the resolutions on altering its amount;

6.3.5. justification of the amount of dividends allotted to a shareholder;

6.3.6. expediency of passing and effectiveness carrying out of the resolutions on the Company's participation in investments projects and attracting outside investors;

6.3.7. justification of creation and termination of the activity of the Company's branches and representatives;

6.4. According to the results of an audit of the Audit commission an act shall be compiled which is signed by the Chairman of the Audit commission.

6.5. According to the results of an annual audit of the Company's financial and business activity the Audit commission not later than 20 days from the date of the annual General meeting of shareholders shall make a conclusion in which the issues relating to the competence of the Audit commission in accordance with Subarticles 1-7 Article 6 of the present Regulation shall be reflected.

6.6. In case an audit finds faults with the Company's financial and business activity, the Audit commission in the audit act or in its conclusion shall prescribe the elimination of identified faults.

6.8. In addition to annual and exceptional audits of the Company's financial and business activity the Audit commission is obliged to:

provide for systematic control over the Company's financial and business activity;

timely notify the Board of directors and the Company's Board of the results of the audits of the Company's activity, proposals on how to eliminate the reasons and circumstances leading to the faults in financial and business discipline as well as proposals to improve inner control and to increase effectiveness of the Company's activity.

6.9. The Audit commission is entitled to:

6.9.1. request the managerial bodies of the Company, its branches and representatives as well as persons fulfilling supervisory functions in the Company for information, documents and materials necessary for the work of the Audit commission which are to be submitted within 5 days after the receipt of an appropriate request;

6.9.2. require in the order stipulated by the legislation of the Russian Federation the Company's managerial bodies and authorized persons to convene the General meeting of shareholders, a meeting of the Board of directors or the Company's Board on the issues within the scope of their competence;

6.9.3. inform the Company's Board of directors about all the cases of failure to meet the Audit commission's demands in respect of submission of necessary documents, refusal to provide explanations on the Audit commission's questions by the Company's employees including persons carrying out supervisory functions;

6.9.4. raise before the General meeting of shareholders, the Company's Board of directors and the Company's executive bodies the issue of responsibility of employees including persons executing supervisory functions for actions (inaction) inconsistent with the legislature of the Russian Federation or which inflicted losses on the Company or third persons;

6.9.5. raise before the General meeting of shareholders, the Company's Board of directors and executive bodies an issue of taking measures to eliminate the faults found by the Audit Commission and the terms of their elimination.

6.10. The members of the Audit commission undertake to take necessary measures to find out faults in the Company's financial and business activity and to facilitate their elimination.

The members of an Audit commission hold responsibility for objectivity and fairness of the audit carried out by them, non-performance or undue performance of their duties, confidentiality of information which comprises official and/or commercial secret as well as excess of their powers.

6.11. The Company's employees have the right to:

6.11.1. attend the audits of tangible assets carried out by the Audit commission;

6.11.2. familiarize themselves with the content of the conclusions and acts of the Audit commission on issues relating to their official activities and submit written explanations of and objections to them;

6.11.3. familiarize themselves with the content of documents serving as a ground for the conclusions on faults and drawbacks in the work;

6.12. The Company's employees are obliged to assist the Audit commission in auditing, submit necessary information, documents and materials and produce explanations to the questions of the Audit commission.

## **7. The Procedure for Making Requests for an Audit (inspection) by the Company's Shareholders, by the Board of Directors**

7.1. An audit (inspection) of the Company's financial and business activity shall be carried out at any time according to the requirement of the Company's shareholder (shareholders) owning (owning in total) not less than 10 per cent of the Company's voting shares.

7.2. The shareholders who initiate an audit (inspection) shall forward to the Audit commission a written requirement which shall carry:

first, middle and last name (names of shareholders);

number, category (type) of shares owned by them;

substantiated justification of the requirement to carry out an audit (inspection).

The requirement shall be signed by a shareholder or their proxy. If the requirement is signed by a proxy, a power of attorney shall be attached to the requirement.

7.3. The requirement of the initiators to carry out an audit shall be forwarded to the Company's address for the attention of the Chairman of the Audit commission or shall be submitted to the Company by a courier service.

The date of submission of the requirement shall be determined according to the date of its servicing to the Company.

7.4. Within 7 business days from the date of submission of the requirement the Audit commission shall pass a resolution to carry out an audit (inspection) of the Company's financial and business activity or to give a motivated refusal to carry out an audit.

7.5. A refusal to carry out an audit (inspection) may be given in the following cases:

- the shareholders who submit the request are not the owners of the necessary number of voting shares to submit a request;

- the request provides no reason (justification) to carry out an audit (inspection);

- the facts constituting the reasons for an audit (inspections) have been audited (inspected) and the Audit commission has approved a conclusion;

- the request does not comply with the regulatory legal acts of the Russian Federation or provisions of the Company's Charter.

7.6. Audits (inspections) of the Company's financial and business activity on request of the Company's Board of directors shall be carried out in the same way.

The request to carry out an audit (inspections) shall be adopted by a majority of the members of the Board of directors participating in the meeting of the Company's Board of directors.

7.7. The initiators of an audit (inspection) of the financial and business activity are entitled at any time before the Audit commission adopted the resolution to carry out an audit (inspection) to revoke their request notifying the Audit commission in writing.

## **8. The Procedure for Making a Request for Calling an Extraordinary General Meeting**

8.1. A request for calling an extraordinary General meeting shall be passed by a majority of votes of the members of the Audit commission participating in the meeting.

A request shall be signed by the Chairman of the Audit commission.

8.2. A request of the Audit commission for calling an extraordinary General meeting shall be forwarded to the Company in writing.

The date of a request for calling an extraordinary General meeting of shareholders shall be determined by the date of its receipt by the Company.